

# eInvest Future Impact Small Caps Fund (Managed Fund)

ASX:IMPQ  
MONTHLY REPORT JUNE 2019

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception^ (%)
eInvest Future Impact Small Caps Fund (Managed Fund)	2.6	-	-	-	1.2
S&P/ASX Small Ordinaries Accum. Index	0.9	-	-	-	-0.4
<b>Value Added (Detracted)</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.6</b>

^Inception date was 23 May 2019. Performance shown above are net of fees. Fund returns are calculated using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or the bid ask spread that investors incur when buying and selling units on the ASX. Past performance is not a reliable indicator of future performance.

## Overview

- IMPQ performed well over June, outperforming the Index by 1.7% (after fees).
- Positive contributors this month included PolyNovo (+28.3%), Meridian Energy (+16.3%), Mercury Energy (+15.0%) and Sims Metal Management (+14.6%).
- Negative contributors this month included Adairs (-32.7%) and Link Market Services (-16.3%).

## Monthly Highlight

During the month, IMPQ holding Genex Power was very busy. Early in the month the company announced a share subscription agreement with J-Power to assist funding the Kidston Hydro Battery Project. J-Power is a Japanese listed utility company that has experience in hydroelectric projects, including pumped storage. Later in the month Genex announced a further capital raising to assist with funding of the 50 megawatt Jemalong Solar Project. The Jemalong project is near Forbes, NSW. These projects will complement Genex's existing 50 megawatt solar farm in Kidston, QLD.

## Top 5 Positions

	IMPQ	Index
CASH	5.9%	0.00%
NIB HOLDINGS	4.9%	1.9%
SIMS METAL	4.7%	0.9%
MERIDIAN ENERGY	4.6%	0.0%
INTEGRAL DIAGNOSTICS	4.3%	0.0%

## eInvest Future Impact Small Caps Fund (Managed Fund)

The aim of IMPQ is to grow the value of your investment over the long term by investing in companies predominantly outside the S&P/ASX Top 50 Index that conduct business taking into account environmental, social and governance ("ESG") considerations and/or conduct business in industries which have favourable characteristics having regard to ESG considerations. IMPQ seeks to provide a total return (after fees) that exceeds the S&P/ASX Small Ordinaries Accumulation Index.

### Portfolio Manager

Damian Cottier

### IMPQ FUM

<\$1 million

### Distribution Frequency

Half yearly

### SMSF Compliant

Yes

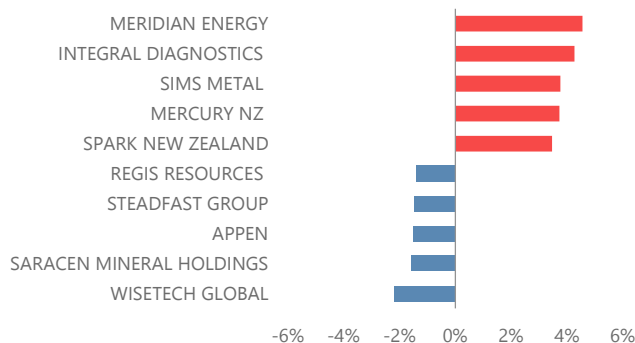
### Inception Date

23 May 2019

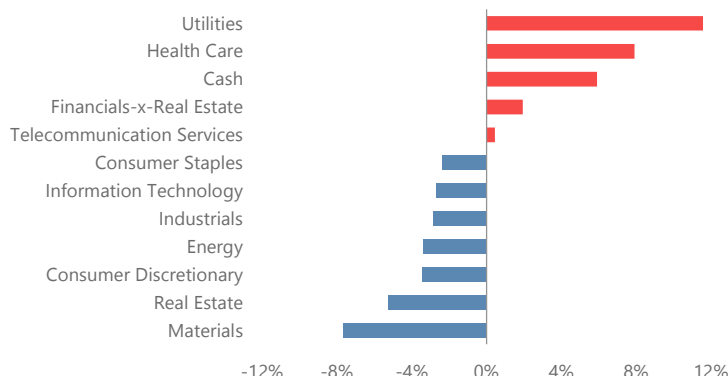
### Management Cost

0.99% (incl of GST and RITC) + performance fee

## Top 5 Over / Underweight Positions vs Index



## Sector Active Exposure vs Index



## Fund Review

IMPQ finished the month up 2.6% net of fees, outperforming the benchmark by 1.7%.

Positive contributors this month included PolyNovo (+28.3%), Meridian Energy (+16.3%), Mercury Energy (+15.0%) and Sims Metal Management (+14.6%).

Negative contributors this month included Adairs (-32.7%) and Link Market Services (-16.3%).

As readers may recall, PolyNovo is a healthcare company that developed the NovoSorb polymer skin matrix in conjunction with the CSIRO. The NovoSorb product greatly improves outcomes for severe burns and wounds patients. The stock was higher after outlining some of the progress that it making in developing products for new applications in the hernia and breast reconstruction markets. The company is expecting to commence trials of the hernia product in the US in 2020 with the breast product currently expected to follow in 2023/24.

During the month Meridian Energy provided a positive update on water levels at the company's New Zealand hydro assets and also announced a partnership to launch renewable energy products in Australia with Kogan.

Recycler Sims Metals Management benefited from improved sentiment towards stocks exposed to end commodity prices as China indicated that it is likely to extend stimulus programs.

Negative contributors this month included "Engaged Improver" stock Adairs, which issued disappointing earnings guidance after weak trading in June. We further reduced our small position in Adair's after this announcement. Link Administration Holdings was weaker after providing a weak trading update in late May.

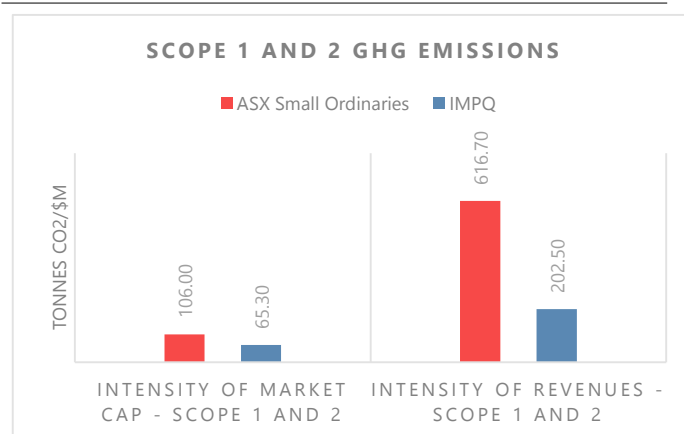
**Our focus continues to be on investing in companies that are making a positive contribution to creating a sustainable future.**

## ESG Activity

Our ESG-related meetings during the month included:

- Genex – we met to discuss the progress of the Kidston Hydro Battery Project and Jemalong Solar Project.
- Clean Energy Finance Corporation – we met with the CEFC and learned about their process surrounding the deployment of investment capital to facilitate the transition to zero emissions.
- CSIRO Energy Research – we attended a presentation to learn more about recent developments in and the future of battery technology.
- Costa Group (not held) – we engaged with the company to discuss a number of ESG issues including the company's Sustainable Commercial Farming strategy, water rights and the company's approach to labour issues.
- First Graphene (not held) – we met with this supplier of graphene products, to learn more about the sustainability benefits of graphene and the company's production processes.
- Murray-Darling Basin – we attended a presentation by think tank, The Australia Institute, in relation to the current environmental and social issues in the Murray Darling Basin.

## Portfolio Carbon Footprint



**Source:** CAER (Part of Vigeo Eris Network). Factset and Perennial as at 31 May 2019. Data for IMPQ is shown. Whilst due care has been used in preparation of the above, calculations are based on the information provided.

## Fund Activity

In terms of Fund activity, during the month we reduced our holdings in a number of stocks that had performed strongly including PolyNovo and NIB Holdings. We added Calix to IMPQ, which is an Australian emerging company with technology that is environmentally friendly and has a wide variety of applications. The company's technology is also currently being piloted in Europe for application in the lime and cement industries, both major emitters, through the Low Emissions Intensity Lime and Cement (LEILAC) Project.

At month end, IMPQ held 35 stocks and cash is at 5.9%.

## Portfolio

### Characteristics – FY20 Fund Market

Price to Earnings (x)	18.0	16.6
Price to Free Cash Flow (x)	15.7	16.3
Net Interest Cover (x)	21.5	9.5
3 Year EPS Growth (%)	11.8	11.7
ESG&E Rating	7.0	5.5

**Source:** Perennial Value Management. As at 30 June 2019.

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

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